

STARTING YOUNG

Staying attuned to macroeconomics

SMU student realises economics and government policies' impact on markets, reports **BENJAMIN AW**

BHAVIN Mayur Vora knew that he was not playing with money when his father handed him a sum one day and told him, "If you lose it, that's that."

That sparked Mr Bhavin's interest in investing. The 23-year-old, who is pursuing a bachelor's degree in business management at the Singapore Management University (SMU), went on to read financial news articles and investment books. He then bought his first stock, commodity trader Noble Group. Seizing opportunities, he says, is all part of making his money work harder for him.

Q: How did you get started in investing?

In my National Service days, I used to follow my dad to visit his bankers where he will decide whether to put money in bonds, or funds, or so on. He owns equities as well. So, I realised, why wait till much later when I can make my money start working for me now?

When my dad gave me a sum of money, I started to read a lot of financial news, like *The Business Times*, the *Financial Times* and Bloomberg. I also read *The Intelligent Investor* by Benjamin Graham. His philosophy of long-term value-investing piqued my interest in investing.

Q: What was your first investment?

My first investment was commodities compa-

ny Noble Group. It did relatively well, and gained around 17 per cent before I cashed out.

I was playing it safe before venturing into overseas markets. My family business is in commodities, and before I learnt about investing, I learnt about commodities. I understood the commodities market and the business model of Noble much better than, say a business in health care or pharmaceuticals.

Q: How do you choose what stock to buy?

I use a top-down approach, and look at a sector with potential growth in any economic condition. Then I'll choose a company in that sector which I feel has potential growth. I couple this with fundamental analysis, which is to look at cash flows and certain ratios.

Last but not least, it's always good to take into account market sentiments, because market sentiments are what will affect how stocks move in the short term, as compared to the fundamentals of the company which will affect it in the mid to long term.

Q: What has shaped you as an investor?

Economics widened my perspective on issues surrounding me. Many investors would look towards the short term, at how the market feels like, and base their investment deci-



Mr Vora: *I use a top-down approach, and look at a sector with potential growth in any economic condition.* PHOTO: ARTHUR LEE

sions upon that. But over time, especially when the US and European economies were muddling through the financial crisis, I realised that a lot of macroeconomic factors, such as government policies, be it in terms of monetary easing or fiscal policies, actually have a direct impact on how markets perform.

In the commodities market, even a certain policy such as when Malaysia or Indonesia change their tax structures to compete with each other, the stock prices for companies which are involved in the production of crude palm oil will be affected.

This made me realise that macroeconomic factors are essential to seeing how companies and markets pan out in the long term. I would say it very closely ties in with my top-down approach, because economics would be a basis when looking at which sectors are doing well.

Q: Are you a risk-taker?

I think I'm a moderate risk-taker. I have ventured out to invest in overseas markets, and

in fact I'm looking to invest in emerging markets. I like to choose companies which might not have shown a lot of growth in the last few years but show potential growth. At the same time, I'm not an aggressive investor. I like to pick some stocks that are dividend-growth income stocks. That makes me a bit more on the safe side of things.

Q: Are you looking at investing beyond equities?

I definitely am. Now I don't have the money to go into bonds, because bonds require a rather huge capital outlay. I'm learning and helping my dad in his asset allocation, in terms of giving my own opinions and critique, because he's invested in bonds and funds.

In the future, if I do amass a certain amount of wealth, property is one of the things I would go into over and above anything else. I would go into property in growth areas.

Q: What do you intend to do after you graduate?

I intend to go into international trading, which is what I'm majoring in now, and this again ties back to commodities trading. I find that commodities are more dynamic than equities. You are dealing with physical goods where real demand and supply actually affect price movements at the end of the day. So I would rather restrict myself to investing long-term in equities and do something more dynamic for myself on a day-to-day basis.

Q: What advice would you have for a young investor making his or her first investment?

I would say, not being complacent and doing your due diligence by reading up widely are the most important things to do. For example, even today, when I woke up, the first thing that I did was to look up Bloomberg on my mobile phone. I would refresh Bloomberg and get a sense of how trading markets performed the previous day, and what we can expect to happen in the coming day based on what happened in the US markets.